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FIRST CANADIAN ENERGY LTD

(A Junior Capital Pool Corporation)

Financial Statements

For the years ended December 31, 1999 and 1998

AUDITORS' REPORT

**To the Shareholders of First Canadian Energy Ltd.
(A Junior Capital Pool Corporation):**

We have audited the balance sheet of First Canadian Energy Ltd. (A Junior Capital Pool Corporation) as at December 31, 1999 and 1998 and the statements of loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1999 and 1998 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Calgary, Alberta
April 28, 2000

Dick Cook Schulli
CHARTERED ACCOUNTANTS

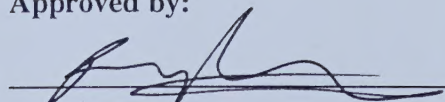
FIRST CANADIAN ENERGY LTD.
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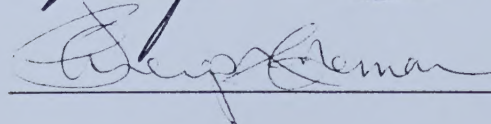
Balance Sheet

As at December 31,

	<u>1999</u>	<u>1998</u>
Assets		
Current		
Cash and short-term deposits	\$ 245,820	\$ 266,436
Accounts receivable	<u>1,557</u>	<u>623</u>
	<u>\$ 247,377</u>	<u>\$ 267,059</u>
Liabilities		
Current		
Accounts payable	<u>\$ 3,467</u>	<u>\$ 3,197</u>
Shareholders' Equity		
Share capital – Note 3	303,137	303,137
Deficit	<u>(59,227)</u>	<u>(39,275)</u>
	<u>243,910</u>	<u>263,862</u>
	<u>\$ 247,377</u>	<u>\$ 267,059</u>

Approved by:

_____, Director

_____, Director

See accompanying notes

FIRST CANADIAN ENERGY LTD.
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Statement of Loss and Deficit

For the years ended December 31,

	<u>1999</u>	<u>1998</u>
Interest income	\$ <u>10,598</u>	\$ <u>9,810</u>
Expenses		
Office and administration	19,593	22,562
Cost of abandoned Major Transaction	6,216	-
Professional fees	<u>4,741</u>	<u>5,486</u>
	<u>30,550</u>	<u>28,048</u>
Net loss	(19,952)	(18,238)
Deficit, beginning of year	<u>(39,275)</u>	<u>(21,037)</u>
Deficit, end of year	<u><u>\$ (59,227)</u></u>	<u><u>\$ (39,275)</u></u>
Loss per share	<u><u>\$ (0.0059)</u></u>	<u><u>\$ (0.0054)</u></u>

See accompanying notes

FIRST CANADIAN ENERGY LTD.
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Statement of Cash Flows

For the years ended December 31,

	<u>1999</u>	<u>1998</u>
Cash provided by (used for):		
Operating activities		
Net loss	\$ (19,952)	\$ (18,238)
Change in non-cash working capital items:		
(Increase) decrease in accounts receivable	(934)	(269)
Increase (decrease) in accounts payable	<u>270</u>	<u>604</u>
	<u>(20,616)</u>	<u>(17,903)</u>
Decrease in cash	(20,616)	(17,903)
Cash and short-term deposits, beginning of year	<u>266,436</u>	<u>284,339</u>
Cash and short-term deposits, end of year	<u><u>\$ 245,820</u></u>	<u><u>\$ 266,436</u></u>

FIRST CANADIAN ENERGY LTD.
(A Junior Capital Pool Corporation)

Notes to Financial Statements

For the years ended December 31, 1999 and 1998

Note 1 - Incorporation and Nature of Business

The corporation was incorporated under the *Business Corporations Act* (Alberta) on February 7, 1996 and is classified as a Junior Capital Pool corporation as defined in the Alberta Securities Commission Policy 4.11. On May 6, 1996, the corporation issued a total of 2,000,000 common shares for \$150,000. Under a prospectus dated August 12, 1996, the corporation issued on September 26, 1996, by way of an initial public offering, a total of 1,400,000 common shares at \$0.15 per share for cash proceeds of \$210,000. The shares of the corporation were listed on The Alberta Stock Exchange on October 22, 1996 and that date is used as the date of commencement of active operations.

At December 31, 1998, the corporation had not yet identified an acquisition for the purpose of completing its Major Transaction in accordance with Rule 46-501 of the Alberta Securities Commission and Policy 2.4 of the Canadian Venture Exchange and effective April 23, 1998, the shares of the company were suspended from trading as the corporation had not completed its Major Transaction within the time frame set out in Rule 46-501 and Policy 2.4. At December 31, 1999 the shares remain suspended from trading.

On February 29, 2000 the corporation issued a press release identifying its Major Transaction, which was subsequently abandoned on April 27, 2000.

Note 2 - Significant Accounting Policies

All costs incurred in identifying business acquisitions and raising equity financing were capitalized until such time as the acquisition or equity financing is completed or abandoned. When an acquisition or equity financing is completed, the associated costs will be capitalized as a part of the purchase price of the acquisition or charged as a cost against raising the equity financing. If an acquisition or equity financing deal is abandoned the associated costs will be expensed.

Note 3 - Share Capital

Authorized:

Unlimited number of common voting shares

	<u>Shares</u>	<u>Amount</u>
Issued:		
On incorporation	2,000,000	\$ 150,000
Pursuant to public offering	<u>1,400,000</u>	<u>210,000</u>
	3,400,000	360,000
Share issuance costs	<u>-</u>	<u>(56,863)</u>
	<u><u>3,400,000</u></u>	<u><u>\$ 303,137</u></u>

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Notes to Financial Statements

For the years ended December 31, 1999 and 1998

Note 3 - Share Capital (Continued)

There were no changes to authorized or issued share capital during the year.

(a) Stock options

At December 31, 1999, there were stock options for 272,000 shares outstanding to the directors, officers and agent of the corporation. These options are exercisable at a price of \$0.15 per share and expire at various dates up to September 26, 2001.

(b) Escrowed common shares

At December 31, 1999, there are a total of 2,000,000 shares that are held under an escrow agreement dated July 31, 1996. This agreement provides that these shares are to be released as to one-third thereof upon the first, second and third anniversaries of the completion date of the corporation's Major Transaction.

Note 4 - Income Taxes

The corporation has non-capital losses carried forward of \$104,558 available for application against future years' taxable income, which will expire if unused at varying amounts from December 31, 2003 to December 31, 2006.

